

Exhibit I

1 A. That's correct.

2 Q. And if we look at the column second to the left titled
3 "YTD Actuals," that's year-to-date actual financial results,
4 right?

5 A. That's correct.

6 Q. And if you look here, under -- for the ASO business, I'm
7 not going to use the figure because it's confidential, but
8 it's -- if you look at the screen, you can see what that
9 number is, correct?

10 A. That's correct.

11 Q. And if you look at the figure beneath it, that's the
12 annual operating gain for BlueCard fees. Do you see that?

13 A. That's correct.

14 Q. And the BlueCard fees are less than 10 percent or 90
15 percent of the ASO fees or the ASO operating gained,
16 correct?

17 A. That's correct.

18 Q. So if you're reading this financial statement, what that
19 means is Anthem is making almost as much operating gain on
20 the BlueCard fees as it is on its own ASO business; is that
21 right?

22 A. Well, that's a very simple way to look at it, and that
23 would be incorrect because what you don't see from this is
24 to just compare those two fees doesn't take into
25 consideration all these supplemental services that are sold

1 to national home fully insured and national home ASO. So
2 you have to go down and look at dental, vision, life,
3 disability, and workers' comp because, again, if we sell a
4 vision product to an ASO member, we put the revenue down
5 there.

6 It also doesn't show you that we're able to spread
7 our cost, our G&A cost, across a broader base which actually
8 improves the profitability of small group/large group fully
9 insured and large group ASO. So if you really want to -- if
10 you're trying to do a comparison of saying, well, BlueCard
11 is as close to as profitable to national home ASO, you have
12 to add in all the profitability, every one of those other
13 lines of business associated with that national home and
14 national home ASO, to do a true comparison, and I think
15 you'd see a substantially larger difference than what you're
16 saying here.

17 Q. And, in fact, another way to compare is to look at the
18 per member per month, right? That compares it on a per
19 person basis; is that right?

20 A. Well, again, the PMPM is per member per months and
21 typically are based on what you see here divided by
22 membership. It doesn't consider all the other profits that
23 are being generated from those lines of business.

24 THE COURT: Excuse me one second. If you took
25 this specialties that add up, which are added up, they're

1 MR. GIDLEY: It was, Your Honor.

2 THE COURT: Okay. I'll let you ask two questions,
3 and that's it. Because you're supposed to be cross-examining
4 the rebuttal testimony, not what you should have asked
5 before.

6 BY MR. GIDLEY:

7 Q. Dr. Dranove, you report in the first line that Anthem's
8 ASO margin is approximately [REDACTED] for national
9 accounts. And the margin average in the second sentence for
10 insured products is approximately [REDACTED], correct?

11 A. I have no idea where you are.

12 Q. I'm on Page D-4 of your appendix for the first report.

13 A. Appendix D, Page 4. You said I say something on the
14 first line. I didn't -- Appendix D-4?

15 Q. Third paragraph.

16 A. Third paragraph?

17 Q. Right.

18 A. I did not know that.

19 Q. Third paragraph. The first sentence reads:

20 Anthem's ASO margin is approximately [REDACTED]
21 for national accounts.

22 A. Yes. I see that, yes, yes.

23 Q. Sir, if you were to plug that in to a critical loss
24 calculation, that would compute out to about [REDACTED],
25 correct?

1 A. You're asking me to do math in real time without a
2 calculator.

3 Q. And I don't mean to. Let me just show you the
4 calculation, so you can look at it and answer the question.

5 Can we go ahead and have that up?

6 THE COURT: Are the numbers you're talking about
7 here supposed to be sealed?

8 Does Anthem, actually, want its margin discussed
9 in open court?

10 MR. GIDLEY: Right.

11 Critical loss is simply a calculation of the SSNIP
12 [REDACTED] divided by [REDACTED], in this case, plus
13 [REDACTED].

14 So, literally, that's the only math we're talking
15 about, is [REDACTED] divided by [REDACTED].

16 BY MR. GIDLEY:

17 Q. And so my question is [REDACTED] divided by [REDACTED] is
18 approximately [REDACTED] or [REDACTED], correct? Here we
19 go. I think it's easier as a picture, Your Honor.

20 A. Okay, okay.

21 Q. And this can be up in the --

22 A. Okay. I understand, yes.

23 Q. Okay. All right.

24 MR. CURRAN: Thank you, Your honor.

25 MR. GIDLEY: Let's pull that down.